

The Boldt Report

2001 Legislative Preview

Representative Marc Boldt
17th District



It's Your Money!

Dear friends,

On January 8, the fifty-seventh Legislature convened in Olympia for the 2001 Legislative Session.

Once again the House of Representatives is conducting its business with a partisan split of 49 Republican members and 49 Democrat members. As we learned the past two years, shared control has its challenges. However, with a collective sense of commitment and cooperation, we can and will work together to find solutions to the problems facing our state.

We are addressing issues that directly impact our community and your family. On top of the list is the state's operating budget. With the passage of two education initiatives, it is more important than ever to fight for the most efficient use of our tax dollars.

As a member of the House Appropriations Committee, I am committed to crafting a responsible budget that delivers necessary services, controls government growth, and continues our efforts to save taxpayer dollars by staying within voter-approved I-601 state spending limit.

I am committed to bringing your issues to the table. Whenever I am working on budget issues, there's one thing that I keep in mind — it's YOUR money. Remember, every dollar government spends is a dollar that was first earned by the taxpayers of our state. My top priority is to make certain your tax dollars are used responsibly, efficiently and effectively. Since the budget spends more than \$20 billion of your money, I believe you should know exactly how the budget process works.

This newsletter explains the budget process and highlights some of the issues I am working on this session.

In order to best represent you, it's important for me to know your views. If you ever have any questions or comment, please feel free to contact my office.

Sincerely,

A handwritten signature in blue ink that reads "Marc Boldt".

Rep. Marc Boldt
(360) 786-7994
email: boldt_ma@leg.wa.gov



Representative Marc Boldt
438 John L. O'Brien Bldg.
P.O. Box 40600
Olympia, WA 98504-0600
(360) 786-7994

District office:
121 NE 117th Ave.
Vancouver, WA 98682
(360) 260-6263

E-mail:
boldt_ma@leg.wa.gov

Toll-free hotline:
1-(800) 562-6000

Committees:
Appropriations
Children and Family
Services, *vice chairman*
Rules

Understanding the budget process

Our state has three major budgets: transportation, capital and operating. Budgets are enacted for a two-year cycle, beginning on July 1 of each odd-numbered year. During odd-numbered years such as this year, the Legislature decides where a major portion of spending within these budgets will go. In even numbered years, the Legislature makes supplemental appropriations to cover unforeseen items and emergent issues.

The largest of the three budgets is the state's operating budget, which is largely supported by the general fund, plus federal funds and other revenue sources.

Washington is one of seven states without a personal income tax. Revenues to support the general fund are obtained through other taxes and fees. The largest revenue source (55 percent) is the retail sales and use tax. The next highest revenue source (18 percent) is the state's business and occupation tax. The state's portion of property taxes account for 13 percent of income to the general fund. The other 14 percent of revenue comes from various sources, including the lottery and other taxes and fees.

■ How to build a state operating budget

By law, the governor must propose a biennial budget in December, a month before the Legislature convenes in regular session. State agencies are responsible for developing budget estimates and submitting their proposals to the governor. The state's Office of Financial Management coordinates submital of agency budget requests and prepares the governor's budget to be presented to the Legislature.

The Legislature uses the governor's budget as a benchmark to prepare its own budget plan. We begin by looking at the previous biennium's appropriations. We take away one-time expenditures such as studies, disasters and emergency funding. Then we add necessary new expenditures, such as new social service caseloads, costs of school enrollment, and salary increases. The difference between that amount and the I-601 spending limit is where we make policy and budget decisions on spending.

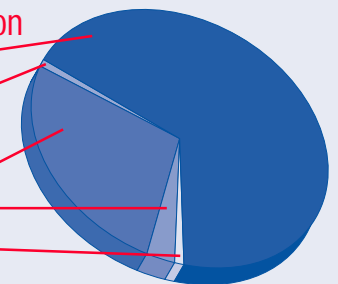
■ The budget pie

The largest portion of the state's operating budget is spent on K-12 education (46 percent). If you take into account 12.3 percent used for higher education and 0.3 percent for other education needs, 58.6 percent of the current general fund budget is spent on education.

Washington State General Fund Fiscal Year 1999

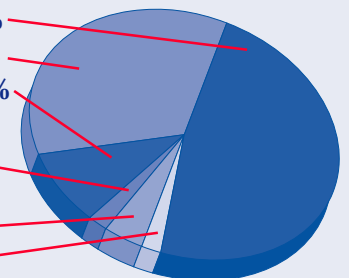
Revenue - \$13,310 million

- Taxes 68%
- Licenses, Fees, Permits 1%
- Federal Grants 27%
- Charges & Misc. 3%
- Interest Income 1%



Expenditures - \$12,683 million

- Human Services 48%
- K-12 Education 35%
- Higher Education 9%
- Natural Resources & Recreation 2%
- General Government 4%
- All Other 2%

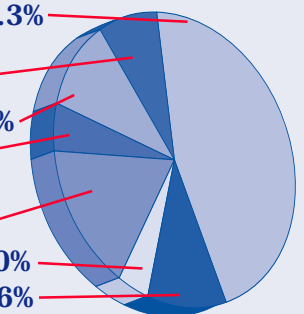


Major Washington State Taxes Percentage Distribution-Fiscal Year 1999

(Does not include local government taxes)

Expenditures - \$12,683 million

- Retail Sales/Use Tax 45.3%
- Excise in-Lieu of Property Tax 8.2%
- State Property Tax 10.9%
- All Other Taxes 5.3%
- Business & Occupation Tax 15.7%
- Other Gross Receipts 4.0%
- Selective Sales Taxes 10.6%



Source: "1997 Comprehensive Annual Financial Report," Office of Financial Management. Data reflect the basic state general fund; restricted funds and operating fund transfers, e.g., lottery proceeds, are excluded.

Initiative 601 — What is it? Why must it be preserved?

Before voters approved Initiative 601 in 1993, the Legislature often approved spending increases much higher than inflation and left little in the bank. For instance, in 1990, a booming economy resulted in a large revenue surplus. But rather than providing tax relief, the Legislature spent \$475 million of the windfall and put only \$200 million in savings (also known as the “rainy day fund”). The following year, the Legislature spent all but \$5.8 million. The only substantial reserve was inherited from previous budgets.

In 1993, the state’s economy hit a recession. Incoming tax revenues were down by about \$800 million. Spending all but a small portion of previous years’ revenues finally caught up to the Legislature. The rainy day fund provided only a small umbrella for the shortfall. Despite calls by House and Senate Republicans to cut spending and reduce government growth, Democrats who controlled the Legislature passed the largest tax increase in the history of Washington state - \$1.2 billion.

The tax increase understandably triggered a backlash that led voters approving Initiative 601.

The voter-approved law says state spending growth can rise by no more than inflation plus population growth. Revenues above the spending limit go into a reserve account until it accumulates to 5 percent of the total budget. Excess revenues then spill into the school construction fund. Taxes may not be raised unless two-thirds of the Legislature agrees.

Besides its protection of taxpayers from the tax-and-spend, boom-and-bust budget cycles of the past, I-601 forces the state to prioritize resources and evaluate programs and services for maximum efficiency of your taxpayer money. By Republicans holding spending well under the I-601 lid, it has allowed us to provide nearly \$3 billion in tax cuts and maintain strong budget reserves over from 1995-1998. But in 1999, Senate Democrats pushed an operating budget through the Legislature, which spent nearly up to the limit, leaving a cushion of only \$8.6 million,

the equivalent of \$15 of savings for a family with a \$40,000 income. Since they couldn’t break the limit, Democrats spent up to the limit.

Initiative 601 is the only protection for taxpayers from spend-happy politicians. It is the best defense against tax increases. I believe I-601 must be preserved to protect taxpayers and control government growth.

The following are some of the issues I will be working on this session

■ Drug and alcohol treatment

The number one cause of most of the social and criminal problems we face today can be directly traced to substance addiction. Although the state must continue to place treatment as a high priority, it’s nearly impossible for the state to promote true compassion for those battling addictions. For this reason, I have introduced HB 1252, which would allow faith-based and other non-profit organizations to contract with the state to provide substance-abuse treatment. A key component of this legislation would be to create clear performance measures for service providers.

■ Serving the Developmentally Disabled

In addition, I believe many services for developmentally disabled citizens currently provided by state agencies could be provided in a more compassionate and cost effective manner at the local or non-profit level. To accomplish this I have sponsored HB 1251, which would allow local community and non-profit organizations to contract with the state to provide case management and local services for the developmentally disabled.

■ Ensuring safe neighborhoods

Meth labs have become a serious epidemic in Clark and Skamania counties. The saddest part is when innocent children are found in a home where methamphetamine is being produced. I support making meth production and distribution a “strike,” as well as increasing the jail time for those who expose children to this hazardous drug. In addition, I am working toward lengthening jail time for sex offenders rather than simply notifying citizens after offenders are released into their neighborhoods.

■ Make government more citizen-friendly and accountable

Far too often, state agencies overstep their bounds and impose burdensome regulations on citizens without authorization from the Legislature. This leaves citizens without recourse because bureaucrats are neither elected nor accountable. It's time to put citizens back in charge of government. I support limiting agency rule-making to those policies that are specifically approved by the Legislature. In addition, I will work to require regular state agency performance audits to ensure tax dollars are being spent efficiently and effectively.

■ Improve education so that no child is left behind

I believe parents are the ones who know what's best for their children – not government. That's why I support empowering parents whose children attend failing or violent schools with state-funded choices, including charter schools and vouchers. We

also need to provide opportunities for outstanding individuals in our communities, who have expertise in areas such as math and science, to become certified and eligible to share their knowledge with students. We must continue reforming our schools through higher standards and further accountability.



17th District Day

Join us March 14th for a firsthand view of the Legislature in action! Visitors will spend the day touring the Capitol campus and have lunch with 17th District Legislators.

March 14th 9:45am - 2:30 pm

To RSVP call (360) 786-7994.



P.O. Box 40600
Olympia, WA 98504-0600

Representative
Marc Boldt

It's Your Money!

PRESORTED
STANDARD
U.S. POSTAGE PAID
Washington State
Department of Printing